

14 October 2021

Dear Shareholder

Upcoming Annual General Meeting of Shareholders

The Company's Annual General Meeting is scheduled to be held on Wednesday, 17 November 2021 at 11:30 am (AEDT) (**Meeting**).

The Company is continuing to monitor the impact of the COVID-19 virus in Victoria and following guidance from the Federal and State Governments. In light of the current circumstances and continued uncertainty on restrictions on gatherings, the Directors have made the decision to hold the Meeting virtually. Accordingly, there will not be a physical location where shareholders can attend the Meeting in person.

In accordance with the Treasury Laws Amendment (2021 Measures No. 1) Act 2021, the Company will not be sending hard copies of the Notice of Meeting to shareholders unless a shareholder has requested a hard copy (after the date of this letter) by Friday, 12 November 2021. The Notice of Meeting can be viewed and downloaded from the link set out below. Please also refer to the Notice of Meeting for details on how to participate in the Meeting.

The Company **strongly encourages Shareholders to lodge a directed proxy form prior to the meeting**. Questions should also be submitted in advance of the Meeting as this will provide management with the best opportunity to prepare for the Meeting, for example by preparing answers in advance to Shareholders' questions. However, votes and questions may also be submitted during the Meeting. Further details of how to participate in the Meeting are set out in the Notice of Meeting.

Please find below links to important Meeting documents:

- Notice of Meeting and Explanatory Memorandum: <https://www.islandpharmaceuticals.com/site/investor/investor-welcome>
- Online Meeting platform: <https://investor.automic.com.au/#/home>.

Alternatively, a complete copy of the important Meeting documents has been posted on the Company's ASX market announcements page.

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the important Meeting documents.

In order to receive electronic communications from the Company in the future, please update your Shareholder details online at <https://investor.automic.com.au/#/home> and log in with your unique shareholder identification number and postcode (or country for overseas residents). Once

logged in you can also lodge your proxy vote online by clicking on the "Meetings" tab.

If you are unable to access any of the important Meeting documents online please contact the Company Secretary, Peter Webse, on +61 409 328 199 or via email at pwebse@governancecorp.com.au.

Approved for release to the ASX by:

Dr Paul MacLeman
Executive Chairman
Isla Pharmaceuticals
info@islandpharmaceuticals.com

For further information, please contact:

Investors: Jane Lowe IR Department Mobile: +61 411 117 774 jane.lowe@irdepartment.com.au	Media: Juliana Roadley IR Department Mobile: +61 414 889 863 juliana.roadley@irdepartment.com.au
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About Island Pharmaceuticals

Island is clinical-stage drug repurposing company, focused on the topical area of antiviral therapeutics for infectious diseases. Our lead asset is ISLA-101, a drug with a well-established safety profile, being repurposed for the prevention and treatment of dengue fever and other mosquito (or vector) borne diseases. The Company is advancing toward a Phase 2 clinical trial in dengue-infected subjects.

If ISLA-101 achieves FDA approval, and certain other criteria are met, Isla may be eligible to obtain a "Priority Review Voucher" at the time of FDA approval. This means that as well as getting approval to manufacture and sell ISLA-101, the Priority Review Voucher (PRV) would permit Island to expedite the FDA approval process for a new drug or sell the PRV in a secondary market.

Island encourages all current investors to go paperless by registering their details with the Company's share registry, Automic Registry Services, whose contact info is housed on the Shareholder Services page of the Company's website.

Visit www.islandpharmaceuticals.com for more on Island.

ISLAND PHARMACEUTICALS LIMITED

ACN 641 183 842
(ASX code: ILA)

NOTICE OF 2021 ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Date of Meeting:
Wednesday, 17 November 2021

Time of Meeting:
11:30am (AEDT)

The Company is pleased to provide Shareholders with the opportunity to attend and participate in a virtual Meeting, through an online meeting platform powered by Automic, where shareholders will be able to watch, listen, ask questions and vote online. Details on how to access the virtual Meeting are set out in this Notice.

Shareholders are strongly encouraged to lodge their completed Proxy Forms in accordance with the instructions in this Notice of Meeting.

Following recent modifications brought to the Corporations Act 2001 and based on the temporary relief measures (to meet regulatory requirement under the *Corporations Act 2001*) included in the recently enacted *Treasury Laws Amendment (2021 Measures No.1) Act 2021*, **no hard copy** of the Notice of Annual General Meeting and Explanatory Memorandum will be circulated.

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If you are in doubt as to how to vote on any of the Resolutions, you should seek advice from your accountant, solicitor or other professional adviser without delay.

ISLAND PHARMACEUTICALS LIMITED

ACN 641 183 842

Notice of 2021 Annual General Meeting

Notice is given that an annual general meeting of the members of Island Pharmaceuticals Limited ACN 641 183 842 (**Company**) to be held virtually through an on-line meeting platform powered by Automic, at 11:30am (AEDT) on Wednesday, **17 November 2021** for the purpose of considering and, if thought appropriate, passing the resolutions as outlined in this Notice of Meeting (**Notice**).

Shareholders wishing to vote, or their attorneys or in the case of a Shareholder or proxy which is a corporation, corporate representatives, must log in online to participate in the virtual Meeting by clicking on the following link: <https://investor.automic.com.au>. Registration for attendance at the virtual meeting will open at 11.00 am (AEDT) on Wednesday, 17 November 2021. Shareholders wishing to attend the Meeting will need to login to the Automic portal at this time to obtain the virtual meeting webinar link.

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the temporary relief measures (to meet regulatory requirement under the *Corporations Act 2001*) included in the recently enacted *Treasury Laws Amendment (2021 Measures No.1) Act 2021*, the Company will hold the Meeting virtually and intends to conduct a poll on the resolutions set out in the Notice incorporating the proxies filed prior to the Meeting.

The Company is not sending hard copies of the Meeting materials to shareholders. Instead, a copy of the Meeting materials can be viewed and downloaded online at the following link: <https://www.islandpharmaceuticals.com/site/investor/investor-welcome>.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in the Notice.

Agenda

Financial statements and reports

To receive and consider the financial statements and the reports of the Directors and of the Auditors for the year ended 30 June 2021.

Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report for the year ended 30 June 2021 as set out in the Company's Annual Report for the year ended 30 June 2021 be adopted in accordance with section 250R(2) of the Corporations Act 2001 (Cth)."

*Please note that section 250R(3) of the Corporations Act 2001 (Cth) provides that the vote on this resolution is advisory only and does not bind the Directors or the Company

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's Key Management Personnel (**KMP**) whose remuneration details are disclosed in the remuneration report for the year ended 30 June 2021 or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person who is entitled to vote on Resolution 1:

- in accordance with the directions on the proxy form; or
- by the person chairing the Meeting, and the proxy does not specify the way the proxy is to vote on the Resolution and in accordance with an express authorisation to exercise the proxy even though Resolution 1 is connected with the remuneration of KMP.

The Chairman intends to vote all available undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Paul MacLeman

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to the Company's Constitution and for all other purposes, the members of the Company approve the re-election of Paul MacLeman as a Director of the Company, who pursuant to clause 13.3 of the Company's Constitution is retiring by rotation and being eligible offers themselves for re-election."

Resolution 3: Re-election of David Brookes

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That pursuant to the Company's Constitution and for all other purposes, the members of the Company approve the re-election of David Brookes as a Director of the Company, who pursuant to clause 13.3 of the Company's Constitution is retiring by rotation and being eligible offers themselves for re-election."

Resolution 4: Approval of increased placement capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the increase in the capacity of the Company to issue equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions stated in the Explanatory Memorandum which accompanies this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 4 by a person who may participate in a proposed issue of equity securities under the 10% Placement Capacity, and any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), if this resolution is passed; and any associate of such a person, unless the vote is cast:

- by a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the person to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 4.

Note: In accordance with ASX Listing Rule 14.11.1 and the relevant note under that rule concerning ASX Listing Rule 7.1A, as at the date of this notice of Meeting it is not known who may participate in a proposed issue (if any). On that basis, no Shareholders are currently excluded.

Resolution 5: Issue of shares to David Brookes or his nominee in accordance with Listing Rule 10.11

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That approval be given, pursuant to ASX Listing Rule 10.11, for the issue of 100,000 fully paid ordinary shares to David Brookes or his nominee, details of which are set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 5 by:

- a) David Brookes (Director); and
- b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if:

- It is cast by a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the proxy form;
- It is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the person to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 5.

Resolution 6: Issue of shares to Anna Lavelle or her nominee in accordance with Listing Rule 10.11

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That approval be given, pursuant to ASX Listing Rule 10.11, for the issue of 100,000 fully paid ordinary shares to Anna Lavelle or her nominee, details of which are set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 6 by:

- Anna Lavelle (Director); and
- any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if:

- It is cast by a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the proxy form;
- It is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the person to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 6.

Resolution 7: Issue of shares to Albert Hansen or his nominee in accordance with Listing Rule 10.11

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That approval be given, pursuant to ASX Listing Rule 10.11, for the issue of 100,000 fully paid ordinary shares to Albert Hansen or his nominee, details of which are set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Resolution 7 by:

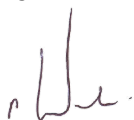
- a) Albert Hansen (Director); and
- b) any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if:

- It is cast by a person as proxy or attorney for a person who is entitled to vote, in accordance with the directions on the proxy form;
- It is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the person to vote in that way.

The Chairman intends to vote all available undirected proxies in favour of Resolution 7.

By order of the Board



Peter Webse
Company Secretary

11 October 2021

VOTING ENTITLEMENT NOTICE

1. Entitlement to vote

For the purposes of the Meeting, the Company has determined that in accordance with regulation 7.11.37 of the Corporations Regulations, shares will be taken to be held by the persons registered as holders at 7.00 pm (AEDT) on Monday, 15 November 2021. Accordingly, transfers registered after that time will be disregarded in determining entitlements to vote at the Meeting.

2. Voting at the meeting

You may vote by participating in the virtual Meeting or by appointing an attorney or corporate representative to participate in the virtual Meeting and vote for you. Alternatively, Shareholders who are entitled to vote at the Meeting may vote by appointing a proxy to participate and vote on their behalf, using the Proxy Form accompanying this notice or by appointing a proxy online.

Details on how to participate 'virtually' are provided in section 2(b) below. Shareholders are encouraged to familiarize themselves with these instructions before the Meeting.

(a) Jointly held Shares

If more than one Shareholder votes in respect of jointly held Shares, only the vote of the Shareholder whose name appears first in the share register will be counted whether the vote is given personally, by attorney or proxy.

(b) Voting in person virtually

Shareholders wishing to vote, or their attorneys or in the case of a Shareholder or proxy which is a corporation, corporate representatives, must log in online on the Automic portal to participate in the virtual Meeting to be held at 11.30am (AEDT) on Wednesday, 17 November 2021 by clicking on the following link: <https://investor.automic.com.au>.

Shareholders who do not have an account with Automic are strongly encouraged to register as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting. An account can be created via the following link <https://investor.automic.com.au> and then clicking on "register" and following the prompts. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic

To access the virtual meeting and vote on the day:

- Open your internet browser and go to <https://investor.automic.com.au>
- Login with your username and password or click "register" if you haven't already created an account.
- After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on "Register" when this appears. Alternatively, click on "Meetings" on the left-hand menu bar to access registration.
- Click on "Register" and follow the steps
- Once the Chair of the Meeting has declared the poll open for voting click on "Refresh" to be taken to the voting screen
- Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted

For further information on the live voting process please see the Registration and Voting Guide at <https://www.automicgroup.com.au/virtual-agms/>.

Shareholders, their attorneys or in the case of Shareholders or proxies which are corporations, corporate representatives, who plan to participate in the virtual Meeting should log in online 15 minutes prior to the time designated for the commencement of the Meeting, if possible, to register and to obtain an electronic voting card.

(c) Voting by proxy

Shareholders wishing to appoint a proxy to vote on their behalf at the Meeting must either complete and sign or validly authenticate the personalised Proxy Form which accompanies this Notice of Meeting or lodge their proxy online. A person appointed as a proxy may be an individual or a body corporate.

Proxies participating in the virtual Meeting will receive an email from the Share Registry prior to the Meeting containing details of their proxy number which they will need to use for the online registration process. Proxies are asked to log in online 15 minutes prior to the time designated for the commencement of the Meeting, if possible, to register and to obtain an electronic voting card.

Completed Proxy Forms must be delivered to the Share Registry by 11.30 am (AEDT) on Monday, 15 November 2021 in any of the following ways:

- (i) **By mail** in the enclosed reply-paid envelope (or the self-addressed envelope, for Shareholders whose registered address is outside Australia) provided to the Share Registry:

Island Pharmaceuticals Limited
C/- Automic Share Registry
GPO Box 5193
Sydney NSW 2001

- (ii) **By email** to the Share Registry at meetings@automicgroup.com.au.

- (iii) **Online** if you wish to appoint your proxy online, you should do so by visiting <https://investor.automic.com.au> and by following the instructions on that website. Online appointments of proxies must be done by 11.30 am (AEDT) on Monday, 15 November 2021.

- (iv) **By Hand:**

Automic Registry Services, Level 126, Philip Street, Sydney NSW 2000;

A proxy need not be a Shareholder.

If you appoint a proxy and subsequently wish to attend the meeting yourself, the proxy will retain your vote and you will be unable to vote yourself unless you notify the registrar of the revocation of your proxy appointment before the commencement of the Meeting. You may notify the registrar by calling +61 1300 288 664.

If a proxy appointment is signed by a Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman will act as proxy.

You are entitled to appoint up to two proxies to participate in the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy you must specify the names of each proxy and the percentage of votes or number of securities

for each proxy on the Proxy Form. Replacement Proxy Forms can also be obtained from the Share Registry.

If you hold Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.

(d) Undirected proxies

If a Shareholder nominates the Chairman of the Meeting as that Shareholder's proxy, the person acting as Chairman of the Meeting must act as proxy under the appointment in respect of any or all items of business to be considered at the Meeting.

If a proxy appointment is signed or validly authenticated by that Shareholder but does not name the proxy or proxies in whose favour it is given, the Chairman of the Meeting will act as proxy in respect of any or all items of business to be considered at the Meeting.

Proxy appointments in favour of the Chairman of the Meeting, the Company Secretary or any Director which do not contain a direction as to how to vote will be voted in favour of the resolution at the Meeting.

The Chairman intends to vote undirected proxies of which the chair is appointed as proxy in favour of the resolutions.

(e) Voting by attorney

If you wish to appoint an attorney to vote at the Meeting the original or a certified copy of the power of attorney under which the attorney has been appointed must be received by the Share Registry no later than 11.30 am (AEDT) on Monday, 15 November 2021 (or if the Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting).

Any power of attorney granted by a Shareholder will, as between the Company and that Shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant Sienna Shareholder is lodged with the Company.

Your appointment of an attorney does not preclude you from logging in online and participating and voting at the Meeting. The appointment of your attorney is not revoked merely by your participation and taking part in the Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.

(f) Voting by corporate representative

To vote by corporate representative at the Meeting, a Shareholder or proxy who is a corporation should obtain a *Certificate of Appointment of Corporate Representative* from the Share Registry, complete and sign the form in accordance with the instructions on it. The completed appointment form should be lodged with the Share Registry before 11.30 am (AEDT) on Monday, 15 November 2021.

The appointment of a representative may set out restrictions on the representative's powers. The appointment must comply with section 250D of the Corporations Act.

The original *Certificate of Appointment of Corporate Representative*, a certified copy of the *Certificate of Appointment of Corporate Representative*, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.

ISLAND PHARMACEUTICALS LIMITED

ACN 641 183 842

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held virtually at 11:30am (AEDT) on Wednesday, 17 November 2021 (**Meeting**).

In light of the current COVID-19 restrictions, and based on the temporary relief measures (to meet regulatory requirement under the *Corporations Act 2001*) included in the recently enacted *Treasury Laws Amendment (2021 Measures No. 1) Act 2021*, the Company will hold the Meeting virtually. Shareholders wishing to vote, or their attorneys or in the case of a Shareholder or proxy which is a corporation, corporate representatives, must log in online to participate in the virtual Annual General Meeting by clicking on <https://investor.automic.com.au>. Registrations for attendance at the virtual meeting will open at 11.00 am (AEDT) on Wednesday, 17 November 2021. Shareholders wishing to attend the Meeting will need to login in to the Automic portal at his time to obtain the virtual Meeting webinar link.

Details on how to participate 'virtually' are provided in section 2(b) of the above Voting Entitlements Notice. Shareholders are encouraged to familiarize themselves with these instructions before the Meeting.

1. Accounts and Reports

The Corporations Act requires the Company to provide before the Annual General Meeting, the Financial Report, Directors' report (including the Remuneration Report) and the Auditor's Report for the financial year ended 30 June 2021.

Shareholders will be offered the opportunity to discuss the Financial Report, Directors' Report and Auditor's Report at the Meeting. Copies of these reports can be found on the Company's website <https://www.islandpharmaceuticals.com>.

There is no requirement for Shareholders to approve the Financial Report, Directors' Report and Auditor's Report. Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2021;
- (b) ask questions or make comments on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and preparation and content of the Auditor's Report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Annual General Meeting to the Company Secretary at the Company's registered office.

2. Resolution 1: Adoption of Remuneration Report

2.1 Corporations Act

Under the Corporations Act, listed entities are required to put to the vote a resolution that the Remuneration Report section of the Directors' Report be adopted. This Remuneration Report can be found in the Company's 2021 Annual Report. It sets out a range of matters relating to the remuneration of Directors, the Company Secretary and senior executives of the Company.

A vote on this resolution is advisory only and does not bind the Directors or the Company. A copy of the Company's 2021 Annual Report can be found on its website at <https://www.islandpharmaceuticals.com/>.

The Corporations Act provides that:

- (a) members of the Key Management Personnel whose remuneration details are included in the Remuneration Report (and any closely related party of those members) are not permitted to vote on a resolution to approve the Remuneration Report, and
- (b) if the vote to approve the Remuneration Report receives a "no" vote by at least 25% of the votes cast, this will constitute a "first strike".

The Company's current "strike" count is zero. If a "first strike" was to occur at the 2021 Annual General Meeting:

- (c) the Company's subsequent Remuneration Report (in other words, the Company's Remuneration Report to be included in the 2022 Annual Report) must include an explanation of the Board's proposed action in response to the "no vote" or an explanation of why no action has been taken; and
- (d) if the Company's subsequent (i.e. 2022) Remuneration Report also receives a "no vote" at the 2022 Annual General Meeting of at least 25% of the votes cast, then Shareholders at the 2021 Annual General Meeting will be asked (at that 2022 Annual General Meeting) to vote on whether or not the Company is to hold another general Shareholder's meeting (within the following 90 days) to vote on a "spill resolution" under section 250V of the Corporations Act.

2.2 Board Recommendation

As set out in the Notice of Meeting, any member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, together with a closely related party of those members, are excluded from casting a vote on Resolution 1.

Accordingly, the Board abstains from making a recommendation in relation to Resolution 1. The Chairman intends to exercise all undirected proxies in favour of Resolution 1.

3. Resolution 2: Re-election of Paul MacLeman

3.1 Background

Clause 13.3 of the Company's Constitution provides that there must be an election of Directors at each annual general meeting. No Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the Director's election, whichever is the longer, without submitting themselves for re-election.

If no person is standing for election or re-election, then the Director who has been in office the longest since last being elected will retire by rotation at the relevant annual general meeting. Where 2 or more Directors were elected on the same day, the Director to retire will be decided by lot, unless the relevant Directors agree otherwise.

This rule does not apply to the Managing Director. A retiring Director is eligible for re-election without needing to give any prior notice of an intention to submit for re-election and holds office as a Director until the end of the meeting at which the Director retires.

Dr MacLeman was elected as an Executive Director on 25 May 2020, being eligible, offers himself for re-election.

Paul MacLeman, Executive Director	
Qualifications, experience and skills	Dr MacLeman has over 25 years' experience across all phases of the life sciences sector. With a career-spanning veterinary practice, pharmaceutical development and manufacturing, biotechnology, diagnostics and finance, Dr MacLeman has expertise in capital raising, business development, technology commercialisation and sales & marketing globally. Dr MacLeman has launched products using both in-house and outsourced sales staff in Australia and the US. He has founded life sciences start-ups in the biologics area and worked in investment banking focusing on the analysis and financing of technology companies. Dr MacLeman has previously served as Chairman, Director or Managing Director/CEO of several VC funded, ASX, NASDAQ, CSE and TSX listed companies.. Dr MacLeman Chairs the Industry Review Committee for the Pharmaceutical Manufacturing National Training Package for the AISC. He is an expert advisor to PharmaVentures (Oxford, UK) and Mind Medicine. Dr MacLeman also serves on a number of other NFP and government advisory groups. Dr MacLeman holds a degree in veterinary science, post-graduate engineering and governance qualifications, and an MBA from MGSM.
Other current directorships	Dr MacLeman is currently Chairman of AdAlta Limited (1AD:ASX), Chairman of SuperTrans Medical Limited and nonexecutive director of Upkara Inc. & Upkara Asia Pacific Pty Ltd
Independence	Dr MacLeman is not an independent Director as he is the Executive Chairman of the Company.
Special responsibilities	Chair of the Board Member of the Audit & Risk Committee Member of the Remuneration & Nomination Committee

3.2 Board Recommendation

The Directors (with Paul MacLeman abstaining) recommend that Shareholders vote in favour of this Resolution 2.

4. Resolution 3: Re-election of David Brookes

4.1 Background

A description of the relevant provisions of the Constitution appear in section 3.1 of this Explanatory Memorandum above.

Mr Brookes was elected as a Non-Executive Director on 1 October 2020, being eligible, offers himself for re-election.

David Brookes, Non-Executive Director	
Qualifications, experience and skills	Dr Brookes has extensive experience in the health and biotechnology industries and has held Board positions in a number of ASX listed biotechnology companies, including as Chairman of genomics solutions company, RHS Ltd, which was acquired by PerkinElmer Inc (NYSE:PKI) in June 2018. Dr Brookes has graduated MBBS (Adelaide) and is a FACRRM (Fellow of the College of Rural & Remote Medicine) and a FAICD.
Other current directorships	Dr Brookes is currently the non-executive Chairman of ASX listed Factor Therapeutics Ltd and of Anantara Lifesciences Ltd . He is also currently a non-executive director of ASX listed company TALi Digital Ltd and is the chair of the Audit & Risk committee.
Independence	Dr Brookes is an independent Director as in the Board's view he is free from any business or other relationship that could materially interfere with or reasonably be perceived to materially interfere with the independent exercise of his judgement.
Special responsibilities	Chair of Audit & Risk Committee

4.2 Board Recommendation

The Directors (with David Brookes abstaining) recommend that Shareholders vote in favour of this Resolution 3.

5. Resolution 4: Approval of increased placement capacity

5.1 Placement capacity

ASX Listing Rule 7.1A enables eligible entities, after obtaining shareholder approval at an annual general meeting, to issue equity securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. This Resolution 4 seeks approval to allow the Board the flexibility to issue additional Shares if it so decided. The Board may decide not to issue any Shares pursuant to this Resolution 4.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Facility.

The exact number of equity securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

If this Resolution 4 is not approved by shareholders then the Company will not have the flexibility of an available additional 10% capacity to issue Shares under the 10% Placement Facility described in this section 5 of the Explanatory Memorandum. The Company not having the 10% Placement Facility will have no effect on the Company's existing Listing Rule 7.1 15% capacity.

5.2 Description of Listing Rule 7.1A

Any equity securities issued under the 10% Placement Facility (**Placement Securities**) must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has on issue one class of quoted equity securities, being ordinary shares (**Shares**).

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Placement Securities calculated in accordance with the formula in Listing Rule 7.1A.2.

The effect of Resolution 4 will be to allow the Directors to issue the Placement Securities under Listing Rule 7.1A during the 10% Placement Period (as defined below) without using any of the Company's 15% placement capacity under Listing Rule 7.1.

5.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) Period for which approval will be valid

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), or such longer period if allowed by ASX

(10% Placement Period).

(b) Minimum issue price

If any Placement Securities are issued, the minimum price the Placement Securities will be issued for cash consideration which is not less than 75% of the VWAP of equity securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Placement Securities are to be issued is agreed; or
- (ii) if the Placement Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Placement Securities are issued.

The actual number of Placement Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

(c) **Maximum Number of Shares to be Issued:**

Listing Rule 7.1A.2 provides that an eligible entity which has obtained a 7.1A mandate may, during the period of the mandate, issue or agree to issue a number of equity securities (**N**) equal to the 10% Placement Facility, calculated in accordance with the following formula prescribed in Listing Rule 7.1A.2:

$$N = (A \times D) - E$$

where:

A = is the number of shares on issue 12 months before the date of the issue or agreement:

- plus the number of fully paid ordinary securities issued in the relevant period under an exception in Listing Rule 7.2 other than exception 9, 16 or 17,
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved, under Listing Rule 7.1 or Listing Rule 7.4,
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or Listing Rule 7.4,
- plus the number of partly paid ordinary securities that became fully paid in the relevant period,
- less the number of fully paid ordinary securities cancelled in the relevant period.

(Note: "A" has the same meaning as in Listing Rule 7.1 when calculating the 15% capacity);

D = 10%;

E = the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the relevant period (being the 12 month period immediately preceding the date of the issue or agreement), where the issue or agreement has not been subsequently approved by holders of ordinary securities under Listing Rule 7.4;

(d) **Purposes for which Placement Securities may be issued**

The Company may seek to issue the Placement Securities as cash consideration for the acquisition of new assets and or other investments, or as cash for general working capital purposes.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3 upon issue of any Placement Securities.

(e) **Effect on existing (non-participating) Shareholders**

If Resolution 4 is approved by Shareholders and the Company issues Placement Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the Placement Securities than on the date of the Annual General Meeting; and
- (ii) the Placement Securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date or the Placement Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Placement Securities.

The below table is included for illustrative purposes and shows the potential dilution of existing Shareholders on the basis of the current market price of the Shares as at 6 October 2021 and the current number of Shares for variable "A" (above) calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) Two examples where variable 'A' has increased by 50% and 100%. Variable 'A' is based on the number of Shares the Company has on issue as at the date of this Notice of Meeting. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) Two examples where the issue price of the Shares has decreased by 50% and increased by 50% as against the current market price.

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Placement Securities available under the 10% Placement Facility.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- (iv) The table shows only the effect of issues of Placement Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (v) The issue of Placement Securities under the 10% Placement Facility consists only of Shares.
- (vi) The issue price is \$0.33, being the closing price of the Shares on ASX on 6 October 2021.

Variable 'A' in Listing Rule 7.1A.2		\$0.1625 50% decrease in Issue Price	\$0.325 Issue Price	\$0.4875 50% increase in Issue Price
Current Variable A 80,968,468 Shares	10% Voting Dilution	8,096,846 Shares	8,096,846 Shares	8,096,846 Shares
	Funds raised	\$1,315,737	\$2,631,474	\$3,947,212
50 % increase in current Variable A 121,452,702 Shares	10% Voting Dilution	12,145,270 Shares	12,145,270 Shares	12,145,270 Shares
	Funds raised	\$1,973,606	\$3,947,212	\$5,920,819
100% increase in current Variable A 161,936,936 Shares	10% Voting Dilution	16,193,693 Shares	16,193,693 Shares	16,193,693 Shares
	Funds raised	\$2,631,475	\$5,262,950	\$7,894,425

(f) Company's share allocation policy

The Company's share allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, issues in which existing security holders can participate;
- (ii) the effect of the issue of the Placement Securities on the control of the Company;

- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility (if any) have not been determined as at the date of this Notice of Meeting but may, if applicable, include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

(g) **Information under ASX Listing Rule 7.3A.6**

The Company has not issued or agreed to issue any securities under Listing Rule 7.1A.2 during the 12 months prior to the date of this Meeting.

5.4 Board recommendation

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution 4.

6. Resolutions 5, 6 and 7: Issues of shares to David Brookes, Anna Lavelle and Albert Hansen or their nominees in accordance with Listing Rule 10.11

6.1 Background

It is proposed that the Company issues 100,000 fully paid ordinary shares in the Company to each of the Non-Executive Directors, being David Brookes, Anna Lavelle and Albert Hansen (**NED Shares**).

Under the Non-Executive Directors' service agreements, the Non-Executive Directors were to be remunerated for services for the period from appointment to the date of listing (1 October 2020 to 13 April 2021) via cash settlements. Subsequently, the Board has determined, subject to receiving Shareholder approval, to issue Shares to the Non-Executive Directors in lieu of payment of fees in respect of this period. The Board believes this in line with Shareholder interests to preserve the Company's cash position.

6.2 Chapter 2E

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a Director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grants of NED Shares involve the provision of a financial benefit to a related party of the Company. Section 211 of the Corporations Act provides that an entity does not need to obtain Shareholder approval to give a financial benefit to a related party if the benefit is remuneration to a related party as an officer of a public company where such remuneration is reasonable given the circumstances of the company and the officer's circumstances (including the responsibilities involved in the office). The Board is of the view that the proposed issue of NED Shares is reasonable given the circumstances of the Company and the responsibilities of the Non-Executive Directors during the relevant period and therefore that the exception in section 211 of

the Corporations Act applies and as such is not seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act.

6.3 Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of Securities to a related party of the Company. The Non-Executive Directors are all related parties of the Company. Accordingly, approval for the issue of securities to related parties of the Company is required pursuant to Listing Rule 10.11.

As approval of Shareholders is being sought pursuant to Listing Rule 10.11, approval under Listing Rule 7.1 is not required.

6.4 Listing Rule 14.1A

If Resolutions 5, 6 and 7 are passed, the Company will be able to proceed with the issue of the NED Shares within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the NED Shares (because approval is being obtained under Listing Rule 10.11), the issue of the NED Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 5, 6 and 7 are not passed, the Company will not be able to proceed with the issue of the NED Shares in lieu of the fees and will need to satisfy payment of these fees out of the Company's cash reserves.

6.5 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the approval of the issues of NED Shares.

(a) Number and class of securities to be issued to related parties

Director	Proposed issue
David Brookes	100,000 fully paid ordinary shares
Anna Lavelle	100,000 fully paid ordinary shares
Albert Hansen	100,000 fully paid ordinary shares

(b) The date by which the Company will issue the securities

The Shares will be issued no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

(c) Issue price

The NED Shares will be issued at a price of \$0.25 per Share and will rank equally with existing Shares from the date of issue.

(d) **Purpose of issue including use of funds**

The NED Shares are being issued in lieu of payment for services provided by the Non-Executive Directors. No funds will be raised from the issue of the NED Shares.

(e) **Directors current total remuneration packages**

Director	Current remuneration (including fees for board committee chair roles)	Directors' interests in share capital of the Company (directly and indirectly held)
David Brookes	\$50,000	400,000 Options
Anna Lavelle	\$50,000	400,000 Options
Albert Hansen	\$45,000	10,837,367 Shares 423,030 Options

6.6 Board recommendation

Each Director, other than David Brookes, Anna Lavelle and Albert Hansen who abstain, believes that Resolutions 5, 6 and 7 are in the best interests of the Company and recommend that Shareholders vote in favour of these Resolutions 5, 6 and 7.

Each of David Brookes, Anna Lavelle and Albert Hansen do not make a recommendation to Shareholders on the Resolution relating to the Shares being issued to that Director, given they have a material interest in the outcome of that Resolution. However, they recommend that Shareholders vote in favour of the other Resolutions relating to the issue of NED Shares to the other Directors.

7. Further information

The Directors are not aware of any other information which is relevant to the consideration by members of the proposed resolutions set out in this Notice of Meeting.

The Directors recommend members read this Explanatory Memorandum in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed resolutions before making any decision in relation to the proposed resolutions.

Glossary

Definitions

The following definitions are used in the Notice of Meeting and the Explanatory Memorandum:

Annual General Meeting / AGM means the annual general meeting of the Company to be held virtually at on 11:30am on Wednesday, 17 November 2021 pursuant to the Notice of Meeting.

ASX means ASX Limited ACN 008 624 691.

ASX Listing Rules or **Listing Rules** means the Listing Rules of the ASX as amended from time to time.

Board means the board of Directors of the Company.

Chairman means the chairman of the Board.

Company means Island Pharmaceuticals Limited ACN 641 183 842.

Corporations Act or Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to this Notice.

Key Management Personnel or KMP means the key personnel as disclosed in the Remuneration Report.

Meeting means the annual general meeting subject to this Notice.

Notice of Meeting or **Notice** means this notice of Annual General Meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report of the Company for the year ended 30 June 2021 as set out in the Company's Annual Report for the year ended 30 June 2021.

Resolution means the resolutions referred to in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Automic Pty Ltd.

Shareholder means a holder of a Share.

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11.30am (AEDT) on Monday 15 November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/logins> or scan the QR code below using your smartphone

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

PHONE: 1300 288 664 (Within Australia)

+61 2 9698 5414 (Overseas)

